

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 232506

21

ORIGIN NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

XMB-02 CIAE-00 INR-07 NSAE-00 IGA-02 DODE-00 OPIC-03

/072 R

DRAFTED BY AID:JKNOLL/EB/IFD/OSB:RJONES:PAW

APPROVED BY NEA/AFN:WSWEISLOGEL

COMMERCE:ALAEMMERZAHN (DRAFT)

EXIM:JHUBER (DRAFT)

D:RPOATS

NEA/RA:DMORAN (DRAFT)

NEA/AFN:TSWILKERSON

AID:RNOOTER

S/S-OAWOTTO

----- 089205

R 190856Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY TUNIS

LIMITED OFFICIAL USE STATE 232506

E.O. 11652: N/A

TAGS: USTSJC, BEXP, EINV, EAID, TS

SUBJECT: TUNISIAN FIVE-YEAR PLAN

REF: TUNIS 6202

1. BEGIN SUMMARY - DISCUSSIONS WITH GOT PRIOR TO JOINT
COMMISSION MEETING WILL BE USEFUL IN IMPROVING USG UNDER-
STANDING OF FIFTH PLAN BUT ALSO USEFUL FOR IMPROVING GOT
UNDERSTANDING OF LIMITATIONS OF USG FINANCING. IN ORDER
TO EMPHASIZE POSITIVE ASPECTS OF EVOLVING RELATIONSHIP,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 232506

IN FUTURE DISCUSSIONS EMBASSY SHOULD STRESS THOSE SECTORS

WHICH INVITE PRIVATE PARTICIPATION, INCLUDING EXIM, AS MOST USEFUL US ROLE IN FUTURE TUNISIAN DEVELOPMENT. END SUMMARY.

2. PROPOSED SERIES OF DISCUSSIONS WITH MIN PLAN ZAAOUNI SHOULD HELP TO IMPROVE OUR UNDERSTANDING OF FIFTH PLAN. AS EMBASSY/USAID AWARE, HOWEVER, CURRENT FOREIGN ASSISTANCE ACT PRECLUDES LARGE SCALE RESOURCE TRANSFERS OF PRIOR YEARS, AND CONCESSIONAL AID CAN BE MOST USEFUL IF UTILIZED FOR HIGH QUALITY TECHNICAL TRANSFERS. AID IS PREPARING POSITION PAPER FOR JC MEETING WITH STRATEGY ENCOMPASSING NEW AREAS FOR USG-GOT COOPERATION, INCLUDING SCIENCE AND TECHNOLOGY. U.S. POSITION WILL BE A POSITIVE ONE

EMPHASIZING QUALITATIVE RATHER THAN QUANTITATIVE ASPECTS OF AID PROGRAM.

3. IN PRESENTING PLAN TO VARIOUS USG REPS HERE, INCLUDING AGENCIES REPRESENTED IN JOINT COMMISSION, AMBASSADOR HEDDA AND NEW DEPUTY TEKAYA (WHO WAS IN INTERNATIONAL ECONOMIC COOPERATION DIVISION OF FON OFF UNTIL MOST RECENT ASSIGNMENT IN OTTAWA) ARE NOT MINIMIZING TUNISIA'S ECONOMIC PROGRESS TO DATE BUT ARE CONTENDING THAT TUNISIA NEEDS A FINAL BOOST IN TERMS OF FOREIGN CAPITAL IN ORDER TO ACHIEVE TAKE OFF. PLAN CALLS FOR 3.5 BILLION DOLLARS IN FOREIGN INVESTMENT, OF WHICH TUNISIANS CAN ONLY CLEARLY PROJECT SOURCES FOR ABOUT 2 BILLION DOLLARS (1.1 BILLION DOLLARS IN LOANS ON INTERNATIONAL MARKET; 650 MILLION DOLLARS IN FOREIGN GOVERNMENT ASSISTANCE, INCLUDING GRANTS AND CONCESSIONAL LENDING FROM EC COUNTRIES AND ARABS; 300 MILLION PLUS IN FOREIGN DIRECT INVESTMENT). REMAINING 1.5 BILLION DOLLARS IS NEEDED FOR INFRASTRUCTURE WITH NO SHORT-TERM RETURNS ON INVESTMENT, AND DEBT SERVICE WILL BE A PROBLEM UNLESS THIS FUNDING PROVIDED ON CONCESSIONAL TERMS. IBRD MIGHT PROVIDE AS MUCH AS 300-500 MILLION DOLLARS. EMBASSY REPS HERE ARE NOTING THAT U.S. HAS IN PAST 20 YEARS PROVIDED 30 PERCENT OF GROSS AID TO TUNISIA, AND SUGGESTING THAT USG SHOULD BE THINKING IN TERMS OF MAKING UP A SIGNIFICANT PORTION OF THE PROJECTED GAP IN FINANCING OF PLAN.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 232506

4. IN INFORMAL DISCUSSIONS, WE HAVE SUGGESTED TO AMBASSADOR HEDDA THAT GOT SEEK FULL IBRD ANALYSIS OF PLAN, ON BASIS OF WHICH USG AND OTHER FRIENDLY GOVERNMENTS WOULD BE BETTER ABLE TO JUDGE ITS MERITS AND REQUIREMENTS FOR FOREIGN FINANCING. WE HAVE POINTED OUT THAT TUNISIA'S INCREASING PROSPERITY AND OUR OWN NEW AND MORE RESTRICTIVE AID POLICIES MAKE IT DIFFICULT TO ENVISAGE SUBSTANTIALLY

INCREASED USG CONCESSIONAL LENDING ALONG LINES TUNISIA IS SEEKING. WE HAVE ALSO NOTED THAT TARGET INCREASE IN ANNUAL FOREIGN INVESTMENT FROM 100-150 MILLION DOLLARS IN 1972-76 PERIOD TO 700 MILLION DOLLARS IN 1977-81 PERIOD SEEMS EXTREMELY AMBITIOUS, EVEN WITH DEVALUATION AND INFLATION TAKEN INTO ACCOUNT.

5. WITH REGARD TO SPECIFIC IDEAS FLOATED BY TUNISIANS AND REPORTED REFTEL, WE WOULD LIKE TO SEE THESE FURTHER REFINED BEFORE TAKING DEFINITIVE POSITION ON WHETHER AND HOW AID TECHNICAL ASSISTANCE MIGHT BE PROVIDED. REQUEST EMBASSY/USAID VIEWS IN CONTEXT EARLIER RECOMMENDATIONS IN ABS AND SUBSEQUENT CABLES RE MODEST A.I.D. PROGRAM 1977-81. SUGAR BEET AND RANCHING PROJECTS MIGHT BE CONSIDERED BY AGRIBUSINESS COUNCIL/OPIC GROUP; SOME AG. TRAINING

MIGHT BE PROVIDED UNDER ONGOING AG OR PROPOSED S&T PROJECTS; AND SOME ARRANGEMENTS MIGHT BE MADE FOR TECHNICAL SERVICES FOR IRRIGATION PROJECTS. CORN/BARLEY RESEARCH PROJECT COULD BE STEERED TO INTERNATIONAL RESEARCH INSTITUTES. THE EXTENT TO WHICH FUTURE DISCUSSIONS CAN DEFLECT GOT'S INTEREST FROM SEEKING CONCESSIONAL AID LOANS TO USING USG AS INTERMEDIARY OR CATALYST FOR PRIVATE INVESTMENT (THROUGH EXIM, OPIC, ETC.) WILL INFLUENCE GREATLY THE PROSPECTS FOR A SUCCESSFUL JOINT COMMISSION MEETING.

6. TO ACCOMPLISH THE ABOVE OBJECTIVE, FUTURE DISCUSSIONS SHOULD FOCUS ON THOSE SECTORS WHICH LEND THEMSELVES BEST TO PRIVATE INVESTMENT OR NON-CONCESSIONAL FINANCING FROM EXIM. THE INDUSTRIAL SECTOR IS A GOOD CHOICE. A GENERAL DISCUSSION OF THIS SECTOR COULD FOCUS ON SPECIFIC PLANS FOR FOOD PROCESSING, TEXTILES, CONSTRUCTION MATERIALS, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 232506

AND MECHANICAL AND ELECTRICAL MANUFACTURING. THE MINING AND ENERGY INDUSTRIES COULD ALSO BE DISCUSSED HERE. OTHER SECTORS WHICH SHOULD BE DISCUSSED ARE SERVICES (ESPECIALLY TOURISM), COMMUNICATIONS, AND TRANSPORTATION. FYI. WE ARE HOPEFUL THAT NEW EXIM FINANCING AGREEMENT SIGNED BY AMBASSADOR HEDDA ON SEPTEMBER 15 FOR PURCHASE OF TWO MORE BOEING AIRCRAFT WILL DRAW ATTENTION TO EXIM'S POSITIVE ATTITUDE TOWARD TUNISIA. WITH REGARD TO SOUSSE POWER PLANT LOAN AND TO LOCOMOTIVE SALE (WHICH WE UNDERSTAND FROM TEKAYA IS NOW LIKELY TO GO TO CANADA), EXIM OFFERS WERE COMPETITIVE WITH INTERNATIONAL MARKET TERMS FOR EXPORT FINANCING. IT SHOULD BE UNDERSTOOD THAT EXIM CANNOT COMPETE WITH CONCESSIONAL TERMS SOMETIMES OFFERED BY COMPETITORS TO PROMOTE THEIR OWN EXPORTS UNDER GUISE OF AID. END FYI.

7. DEPARTMENT IS CURRENTLY PREPARING BACKGROUND REPORT ON 5TH PLAN FOR JOINT COMMISSION MEETING. IN ADDITION TO FURTHER REPORTS PROMISED BY EMBASSY, WE ARE PARTICULARLY INTERESTED IN DOMESTIC MEASURES TO BE TAKEN TO MAINTAIN THE HIGH RATE OF NATIONAL SAVINGS, SPECIFIC SOURCES OF FOREIGN FINANCING ALREADY IDENTIFIED, SPECIFIC PRIORITIES AND PROJECTS, AND THE GOALS SET FOR EMPLOYMENT AND TRADE. ROBINSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMITTEE MEETINGS, FIVE YEAR PLAN, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE232506
Document Source: CORE
Document Unique ID: 00
Drafter: JKNOLL/EB/IFD/OSB:RJONES:PAW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760354-0595
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760943/aaaabkze.tel
Line Count: 178
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 TUNIS 6202
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2004 by greeneet>; APPROVED <10 AUG 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TUNISIAN FIVE-YEAR PLAN
TAGS: BEXP, EINV, EAID, TS, USTSJC
To: TUNIS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006